



# Ikwezi Local Municipality

## Annual Report

01 June 2012-30 June 2013

Arise and Deliver



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## **GENERAL INFORMATION**

### **Submission of the Annual Report to the Speaker/Mayor**

To the Speaker/Mayor, Cllr Sizwe Alfred Mngwevu; I have the honour of presenting the 2012/13 Annual Report.

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**Mr Thembani Gutas**

**Municipal Manager**

## MAYOR'S FOREWORD

Once again, Ikwezi Municipality is presented with an opportunity to honestly reflect on the successes as well challenges faced by the institution. As we undertake this task, we take cognisance of the legal framework provided by the National Constitution of the Republic of South Africa as well as other plethora of laws governing our democratic dispensation. We are also mindful of the global environment within which we operate more so in the context of the vision of the municipality in creating employment opportunities of our people. The Integrated Development Process adopted by the Municipality is informed Vision 2031 adopted by the political leadership. The following quotation is a testament of where we would want to take this municipality in the short to long term. The following quote;

"We strive to be an economically self-sustainable and socially responsive municipality, committed to improve the quality of life of Ikwezi residents" " We believe our primary responsibility is with the residents of Ikwezi by providing quality services promoting and deepening democracy, stimulate socio-economic development and promote active citizenship, whilst recognising the value and mutual benefits of networking and strategic partnership"

Whilst we remain committed to the realization of the 5 National Key Performance Areas of municipality, being the following:

1. Good Governance and Public Participation.
2. Municipal Transformation and Organisational Development.
3. Basic Infrastructure and Service Delivery.
4. Local Economic Development.
5. Municipal Financial Viability and Management

We recognize and take pride at the enormous strides taken in establishing effective public participatory structures at ward level. The Community based planning process aimed at enriching our IDP process constitutes the cornerstone of our endeavours to ensure our people influence the budgetary process of the municipality. The success will be replicated to other areas such financial viability strategies and an enhanced programme of infrastructure development. We will ensure that Ikwezi municipality marches forward with greater pace in delivering quality services to its citizens in the coming years

## **EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER**

Ikwezi Local Municipality is a Plenary System where the Speaker serves as a Mayor. There are seven councillors in total, five from the African National Congress (ANC) including the Speaker/Mayor which is the ruling party, and two from the Democratic Alliance (DA). We currently have four wards.

Ikwezi Municipal Council has seven Councillors, four of which were directly elected to present a specific ward and the remaining three, to represent parties proportionally in the council. After the Local Government elections in 2011, one councillor was proportionally elected to serve on the Cacadu District to represent Ikwezi Municipality. The Mayor is full time public office bearer. The political and executive authority is vested in the council. Council determines developmental needs that must be addressed to improve the quality of life, of the citizens of Ikwezi.

In order to improve oversight in Council, four Portfolio Committees that have been established in terms of section 79 of the Local Government Municipal Structures Act 117 of 1998 to serve in the following committees. In order to supplement effective oversight, a municipal public accounts and an audit committee has been established to assist political oversight over administration.

The year under review has illustrated serious challenges with regard to financial sustainability of the municipality. A revenue enhancement strategy which seeks to address the historical challenges on collection, indigents has been adopted by Council. It remains a challenge to streamline administrative process to assist the process of implementation. The Audit report for the year under review has further demonstrated deep rooted institutional challenges in a number of areas. These relate to the development of GRAP Compliant Annual Financial Statements, legislative Compliance, Absence of key internal controls, lack of administrative oversight, lack of capacity in critical areas in the organisation. These challenges necessitate that Council speedily implements an organisational re-alignment process which will enable a strategic placement of staff in the right positions. A capacity building programme will be intensified the new financial year to deal with these critical skill-shortage challenges. A number of local economic development initiatives will be rolled in the new financial year to aid job creation. These include the hosting of the International Mohair Summit. The latter will enable the municipality to build on the strategic relations made during the previous mohair festival to encourage further investment in the Ikwezi area. This will require intensive collaborative effort from all sectors of government and the private sector. The success achieved in the implementation of inter-governmental projects like the EPWP,

CWP is the testament of the resolve of the municipality to fight poverty in our area at all fronts. Considerable effort will be made in encouraging the stakeholders to broaden these programmes in our areas.

Success in these endeavours can only be achieved when the political and administrative interface is strengthened in the municipality.

## **1. OVERVIEW OF IKWEZI MUNICIPALITY**

Ikwezi Local Municipality is located within the Eastern Cape Province, one of nine local municipalities located within Cacadu District Municipality (CDM). Jansenville is bordered by the Sundays River south of the town. Klipplaat is dominated by pre-dominantly defunct railway lines and shunting yards whereas Waterford may be characterised as a small rural node historically established to serve the surrounding farming community. The municipal area has a population of 11 452 (2 588 households) and covers an area of 4,449.7 km<sup>2</sup> (census 2007).

The area is characterized by low population density and high levels of poverty. 76% of households earn less than R1 600 per month. Economic studies generally describe the area as having very limited economic potential with all settlements rated as level 1 settlement hierarchy (ABP 2009). The area is challenged with excessive bulk water constraints as well as very poor quality water.

Since 1996, the population of Ikwezi Municipal area grew at an average annual growth rate of 0.1% per annum compared to the 1.1 district population growth rate, the 0.3% population growth rate provincially and the 1.2% population growth rate nationally.

In 2007, children under the age of 15 accounted for approximately 27.69% of Ikwezi Local Municipality's population whereas in 1996, children under the age of 15 accounted for 34.19% of Ikwezi Local Municipality's population which is reflective of the decline in year on year population growth rates within the municipal area.

In 1996, 2001 and 2007 the population of Ikwezi Municipal area who were HIV positive numbered 160, 788, and 1 068 respectively. In 1996, 2001 and 2007 the percentage of the population of Ikwezi Municipal area who were HIV positive were 1.54%, 7.55% and 10.25% respectively. In 2007, Ikwezi Local Municipality's Human Development Index was 0.53, lower than Cacadu District's HDI (0.57) and equal to the Provincial index of 0.53.

The distribution of income within the municipal area has worsened between 1996 and 2007 from 0,57 to 0,66. The percentage of people in poverty has increased from 48% in 1996 to 56% in 2007 representing a total population of 5 837 people living in poverty.

The level of education composition reveals that there has been an increase in higher levels of schooling with the Ikwezi Municipal area. 7 % of the population had a minimum of a matric (grade 12) in 1996 whereas 15 % of the population had a minimum of a matric (grade 12) in 2007. Considering the skills shortages that currently exist, greater emphasis must be placed

on the delivery of educational services. In 2007, Ikwezi Local Municipality was 68.8% urbanised as compared to 71.4% for the Cacadu District.

The percentage of people unemployed within Ikwezi Municipal area in 2007 is 39.4%. There has been a gradual increase in the unemployment rate from 1996 which originally stood at 29.3%. Total employment within the Ikwezi Municipal area is dominated by the agricultural sector comprising 32.5%. The highest levels of employment in the formal sector are in the Agricultural sector (43%) and the Community Services sector (25%). The dominant sector in the informal sector is day to day trading which accounts for 38% of informal sector employment.

Ikwezi Local Municipality's economy registered positive growth during the past decade. The municipal area will have to maintain its growth rate to have a significant improvement on welfare indicators. The economic production structure of Ikwezi Local Municipality is more diversified as compared to the Eastern Cape Provincial economy. The level of vulnerability for the Ikwezi Local Municipality has decreased slightly between 1996 and 2007.

## **GEOGRAPHIC LOCATION**

Ikwezi Municipality constitutes a total population of 10 537 approximately 2,3 % of the District Population.(Census 2011). The municipality is characterised by a diverse mix of land uses, urban areas and rural nodes. The main land uses include:

- Addo elephant Park and Darlington Dam including the rural node of Waterford towards the east.
- Large commercial stock farms and conservation areas
- Urban settlements of Jansenville and Klipplaat and the rural settlements of Wolwefontein and Waterford.

Ikwezi Municipality's total population of 10 537 is distributed among the four wards as indicated in the table below :

Ward	Area	Population	Households	Household size
1	Jansenville, Waterford, Farms	2468	675	3.7
2	Phumlani	4044	1086	3.7
3	Wongalethu, Farms	1565	491	3.2
4	Klipplaat, Dan Sandi, Wolwefontein, Farms	2460	662	3.7
Total		10537	2914	3.6

## **Source : Census 2011 Statistics SA**

The numbers on population play a pivotal role to influence decision during planning. They also assist the National Government to allocate Grant Funding to the municipality. Unemployment levels at Ikwezi remain highest as compared to other municipalities within Cacadu District Municipality.

## **EVENTS DURING THE YEAR AFFECTING THE ENVIRONMENT**

- Oversight Committees established.
- Municipal Public Accounts established
- Incorporating a DMA (Wolwefontein) to the Municipalities' Plans for service delivery.
- Ward Based Planning linked to MTIEF

## **CHAPTER 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

In July 2011, the municipality filled all middle management and junior positions that were vacant. The positions were advertised internally to give an opportunity for growth to staff members. The new structure was adopted by council in May 2012 with employment equity targets met in terms of S57 appointments. The organisational structure had the following status by end June 2012:

<b>Total no of employees</b>	<b>Total number of posts budgeted for</b>	<b>No of vacant posts</b>	<b>No of vacant posts budgeted for</b>	<b>% vacancy rate as per budgeted posts</b>	<b>No of contract employees</b>
86	54	25	0	0	22

Ikwezi municipality is a low capacity municipality with a staff compliment of 86 employees and 7 councillors. The municipality is graded as a grade 2 municipality.

### **1.1 Human Resource Development Plan**

With the assistance from the Department of Local Government and Traditional Affairs, the municipality was able to develop a comprehensive HR plan which has since been tabled to Council as a draft. In addition to the HR plan, the municipality has reviewed its comprehensive HR policy document that encompass all essential policies required by council.

### **1. 2 Employment Equity Plan**

The municipality developed and implemented the above mentioned plan during the year under review. The plan was approved by Council on 29 June 2012 and was also submitted to the Department of Labour in time as required by law.

### **1.3 Workplace Skills Plan**

The municipality developed and implemented the above mentioned plan during the year under review. The plan was approved by council and submitted to the Local Government Sector Education and Training Authority (LGSETA). Council had identified the need for

additional training for all employees. To this end, Council set aside R261,980 for all training requirements for the financial year.

#### **1.4 The Municipal Strategic Planning Session**

The session was held in July 2011 and the theme was “vision 2030”. The intention was to craft a way forward toward positioning Ikwezi and to become a self-sustainable municipality by 2030.

The session had, amongst other things, the following outcomes:

- Ikwezi as a green energy hub of South Africa
- Revisiting our former dominant status with regards to production of mohair
- The revitalising of Ikwezi as a small town

The session was highly successful and added value to the municipality. It was clear from the session that it was not going to be business as usual. The municipality is in the process of transforming itself to be self-sustainable. Council felt that the 2011 strategic session was a perfect platform to set its agenda for the next five years.

#### **1.5 The Municipal Turnaround Strategy**

In April 2010, management tabled draft MTAS to council for adoption and further consultation with both internal and external stakeholders. In May 2010, management tabled the final MTAS to council for adoption and implementation. The municipality is making significant strides in terms of implementing its turnaround strategy.

The final MTAS focuses on the following:

- Problem Statement
- Situational Analysis
- Legislative Framework of Local Government
- Municipal Approach to MTAS and
- Action Plan

Ikwezi Municipality’s MTAS has an annexure called “Annexure B” that seeks to mobilise an integrated support from the district, sector departments and state owned enterprises. This annexure forms the basis by which the municipality mobilises resources to assist it.

## **1.6 Performance Management**

The municipality has developed a performance appraisal policy for non-section 57 employees. The policy is still under – going internal consultative processes. The System has not been implemented effectively as scheduled for 2011/12 financial year. The resignation of two Section 56/57 Managers and lack of institutional preparedness have a great contribution in the problem that led to non-implementation of the PMS. The state of affairs has placed the municipality in a high risk of non-compliance. Management however has committed to rectify the incorrectness and implement the system efficiently in the current financial year 2012/13.

Section 57 Managers are going to be assessed quarterly in the 2012/13 financial year. This process is limited to section 56 & 57 managers for now.

## **1.7 Challenges facing the municipality**

The following are key challenges relating to institutional transformation and organizational development:

- **The geographical location of the municipality** - remoteness and rural nature of the municipality poses a huge challenge. The municipality is not in a position to attract much needed skills due to this factor and limited financial resources.
- **Low revenue base** – inhibits Ikwezi Municipality to attract suitably qualified applicants. Generally, it takes longer for the municipality to fill its vacant positions due to the above factors. The municipality relies on developing its own skills from relatively inexperienced employees. Unfortunately, the time and money invested in grooming and developing these employees is never realized as bigger municipalities move in and attract such skills. Council will be developing a bursary scheme in the next financial year. This is done in order to target local Matriculants and offer them bursaries to further their studies in these scarce skills.
- **Inappropriate funding model for local government** – the Equitable Share formula still poses serious challenges to low capacity municipalities like Ikwezi Municipality. Currently, the funding formula is informed by other factors (e.g. population size, own income) rather than the need for financial resources.

## **CHAPTER 2: BASIC SERVICE DELIVERY**

### **2.1 OVERVIEW**

The annual report is for 2012/13 financial year which was from 01<sup>st</sup> July 2012 to 30<sup>th</sup> June 2013. The infrastructure and community development section has been assigned with the following functions within the municipal core functions of the institution:

- Solid Waste Management (Refuse removal, Street cleaning and the Solid waste disposal sites)
- Waste Water Management
- Provision, operation and maintenance of water and sanitation services in all towns of Ikwezi.
- Construction and Maintenance of roads and storm water
- Distribution, operation and maintenance of electricity in Jansenville.
- Planning and implementation of Municipal Infrastructure Programmes.

The municipality of Ikwezi has commenced with the huge project of Upgrading the Jansenville Town Hall, which is anticipated to be completed towards the end of September 2013. A budget of R4, 694,727.70 for direct and indirect cost has been set aside to deal with this massive project. The actual main aim of the municipality is to ensure that Ikwezi Municipality as the founder of mohair product remains the main venue to host the annual summits for Mohair. Also, the municipality has identified the project as the catalyst project to ensure stimulation of local economic development in the area.

The project mentioned above, it's not different from other project but its co- aim of attracting investors to the area remains the most imported aim. During the start of the financial year, Ikwezi Local Municipality, has committed its resources towards the national goal of creation 500,000 job opportunities through the EPWP initiative programme which was announced by the state President. In 2011/12 financial year, the municipality has managed to reduce the levels of poverty to the following number of people within the jurisdiction of Ikwezi:

People Employed	64 people were employed, using the rotation system. All personnel were recruited on fourth night basis.
Payment made on their salaries	R1,040,000
Total Men days	16,000
Program Duration	01 July 2011 to 30 June 2012

This project benefited and focused on the community of Ikwezi for the duration of twelfth months. It was mainly focusing on two towns of Ikwezi. The municipality has also embarked on the process of ensuring that the funding or the incentive grant from EPWP will be channelled towards the creation of job opportunities within the boundaries of Ikwezi.

## **2.2 WATER MANAGEMENT BUSINESS**

During 2011/12 financial year, the municipality got some worse score in terms of managing the water processes within the municipality. The programme called “Blue Drop” was introduced by the National Department of Water Affairs in terms of ensuring proper compliance with pieces of legislation. Ikwezi Municipality was the second from bottom in terms of the scores with 7.2% as the overall score of the municipality.

It was very much clear to all the councillors of the municipality that Ikwezi should definitely do something with the state of Water Business within the municipality. Hence the programme of “Boil Water Notice” and the response to the National Minister of Water Affairs was submitted on the 23 May 2012. In the response that was submitted to the minister, the Mayor of Ikwezi municipality stated very much clearly in not so many words that the problem of water quality has been in existence for more than 50 years in the area, particularly the town of Jansenville which is mainly depending on ground water.

An intergovernmental task team led by the Municipal Manager was convened in response to the water crisis situation. The objective was to set up an multi-pronged approach in dealing with the problem in a sustainable way. A short, medium and long term interventions were identified. This culminated to an initial investment of R3,2 million by the Department of Water Affairs through its ACIP initiative to deal with short-term measures.

The following were the activities agreed upon to deal with the challenges faced by the municipality

Description	Cost Estimate
1. Upgrade the Chlorine dosing facility, flow metering at dosage points, reservoirs dosing arrangements, and boreholes hygiene and	R320 000
2. Procure equipment for borehole monitoring and control and for water testing, and install water sampling points at boreholes and reservoirs	R200 000
3. Install pre-chlorination at some boreholes and install a package aerator for hydrogen sulphide and manganese reduction	R1,500,000
4. Carry out investigative drilling to determine deep groundwater quality and quantity, and to determine water treatment needs	R1,200,000
<b>TOTAL REQUIRED</b>	<b>R3,220,000</b>

The project will be implemented through the Amatola Water Board. It is estimated that the projected will be complemented by the 31 July 2013 well in advance of the International Mohair Summit to be held in Jansenville.

### 2.3 SANITATION PROVISION

Provision of Sanitation, was also identified as the major problem in the area of Ikwezi. Hence the municipality decided to ensure that the few households which are currently not provided with water borne sanitation must be addressed as soon as possible. Indeed during the same financial year 60% of the households in the area of Jansenville were addressed by the municipality. There are some few units in the area of Dan Sandi in Klipplaat which are currently being identified as the next phase of the project to eradicate the bucket system.

The District Municipality has in this year under review, approved an amount totalling R500000.00 to connect the remaining units to the main sewer line. The Municipality, has through this project appointed local service providers to undertake this task. Over 20 temporary jobs were created in the area. The project was completed in July 2013. Over 95% of the bucket systems was eradicated with the remaining to be dealt with in the new financial year.

The municipality has embarked on the process to ensure that the score for the municipality on the Green Drop Assessment should increase significantly. Hence the programmes of registering process controllers are being initiated.

## **2.4 PROJECT MANAGEMENT UNIT**

The unit was established in 2011 and the first business plan was approved by COGTA in 2010. PMU funding comes from the MIG wherein 5% of the grant is dedicated for the overall PMU support. The unit had only one civil engineering technician and one intern to deal with projects accounting. Due to the nature and the number of projects that were implemented by the municipality it was deemed enough by the municipality to have those positions.

During 2012/3 financial year the following projects which brought about change in the living condition of the communities were implemented successfully and some with critical challenges to be addressed:

<b>Project Name</b>	<b>Allocated Budget</b>	<b>Source of Funding</b>	<b>Project Status</b>
Jansenville: College Street	R3,700,000	MIG	complete.
Jansenville: High Must Lights	R1,000,000	MIG	Complete
Klipplaat: High Must Light	R1,900,000	MIG	Complete
Wolwefontein: Electrification	R24,000	INEP	Complete
Wolwefontein: Ventilated Improved Pits(VIP's)	R500,000	CDM	Complete
Installation of Bulk Water Meters	R1,000,000	DWA	Complete
Refurbishment of Jansenville Reservoirs and Boreholes Chambers	R1,000,000	DWA	Complete
Klipplaat: Waste Water Treatment Works: Phase 2	R699,690	MIG	Tender Stage
Jansenville: Cemetery	R1,500,000	MIG	Complete
Fencing of Jansenville Park	R223,000	MIG	Complete
PMU	R422,000	MIG	Complete

## **2.5 SOLID WASTE MANAGEMENT**

The main objective of this function is to primarily ensure that the municipal towns are kept clean and to promote a sustainable healthy environment. Another objective is to maintain and operate municipal permitted waste disposal sites as per the conditions of the permits. The two landfill sites of Ikwezi are currently undergoing the processes of being registered as proper landfill sites. Solid or refuse collection systems is currently being rendered in all four towns of Ikwezi, the percentage of refuse collection has been increased from 70% to 99% during the year under review, with the clear intention of reaching 100% during 2013/4 financial year.

In order to increase the revenue streams of the municipality, it has also been noticed that the municipality must start with the processes of collecting more revenue of business premises in order to cover any lost that the municipality may incurred on the services.

The Municipality working with the Cacadu District Municipality has implemented the Zone Meter Project, this is estimated to be complete by the end of July 2013

The municipality is currently having three solid waste sites. The two sites in Jansenville and Klipplaat are currently at the stage of being registered as permitted landfill sites. The process of having licensed solid waste sites has been prolonged by quite a number of challenges. Also it has been made clear to the municipality, that once the sites are being registered, the municipality must set a certain budget aside in order to deal with the daily operational cost of the landfill site as required by the legislation.

## **2.6 ROADS AND STORMWATER**

The municipal has allocated an annual operation and maintenance budget of R2, 600,000 for the overall maintenance of infrastructure. During the year under review, the municipality was able to implement the project of only one roads project, which was College Street.

The amount of R3, 700,000 million was allocated for the project. Due to poor workmanship that has been experienced on the site, it has been very difficult for the municipality to actually close the project. The mains reason being that the contractor or the service provider that was appointed did not perform according to expectations.

The municipality is unable to implement any roads projects from the municipal core funds. Most of the capital projects are being implemented by grant funding. Ikwezi has actually embarked on the process of purchasing some machinery in order to fast track the implementation of the roads project. Based on the topographic spread of the area it was deemed very much critical that the municipality should indeed purchase its own machinery in order to deliver the services of roads infrastructure.

In terms of forward planning, the municipality has already registered the project of R27 million for the upgrading of the roads in the area of Klipplaat.

## **2.7 ELECTRICITY**

The municipality has a distribution license for the area of Jansenville, the other areas like Klipplaat, Wolwefontein and Waterford are being licensed under Eskom. The municipality has submitted the NERSA distribution forms which primarily report on the operations and maintenance of the area for which we have a license including costs incurred. NERSA approved the municipal tariffs following submission of the D- Forms. DME and the municipality embarked on the programme of ensuring the upgrading of MV/LV lines including the substation.

During the 2012/3 financial year, the municipality was able to complete the project successfully, as the result an amount of R11,2million was spent on the actual upgrading of the project.

The project of rolling out the High Mast Lights was also implemented very much successfully on the two areas of the municipality. In Jansenville 15 High Mast Lights were installed and commissioned. The municipality is completing the programme of finalizing the commissioning of the 17 High Mast Lights which are being installed in Klipplaat.

Ikwezi Local Municipality, has also agreed to declare the area as the Green Energy Hub. This decision was based on the weather temperatures that are extremely hot in the area. In line with energy saving tips, the municipality has also embarked on the programme of installing solar geyser in all the households of Jansenville with the intention of rolling over the project to Klipplaat and Wolwefontein. The area of Waterford will be covered during the implementation of the 66 Waterford Housing Units. The partnership with the Coega Development Corporation will go a long way in assisting the municipality to attain this objective. The Audit of 2012/3 has demonstrated an alarming situation of electrical losses in the municipality. The Municipality continues to deal with the problem as it affects its ability to

raise revenue in a sustainable manner. The engagements with ESKOM on the matter will over a period time assist the municipality to deal with the challenges it faces.

## **2.8 HOUSING DEVELOPMENT**

Ikwezi Local Municipality used to enjoy the status of being the Developer, but during the year under review, It was agreed that the municipality must handover the status of being the Developer back to the Department of Human Settlement. The process was done based on the assessment and the criteria which were used to determine the level of capacity for the different municipalities in the province or the country.

Currently, the municipality has a limited backlog in terms of housing delivery. There are few beneficiaries that are currently being registered on the waiting list of the municipality. Base of the new criteria of housing development, it has been indicated that the municipality must confirm the availability of Bulk Services before any construction of Housing delivery can resume.

The process of starting the Rectification work has been initiated for the next financial year in order to ensure that newly constructed housing units are being done in line with NHBRC standards and guidelines.

The municipality has intentions of constructing middle class units, but due to water quality and quantity which are not sufficient; those initiatives will be delayed until the problem of water has been addressed.

The Provincial Department of Housing is the major role player in Housing Development, where after receiving the information (as application for housing development) by the Municipality as per the responsibility highlighted above, considers and approves the same. Such approval should be accompanied by funding allocation for the projects applied for. As per the vision explained above, housing is not just shelter over the beneficiary's head, but access to socio-economic opportunities, complementary facilities and amenities, qualitative services and security of tenure.

Spatial Planning is a precursor to all land use and services in development and its role cannot be over emphasized. It determines suitability of land for use, establishes availability of land for development, and acquires land for development where necessary. It is also worth noting that, spatial planning ensures assessment for environmental impact in relation

to proposed development. It is for this reason that spatial planning is a municipal function that deals with spatial expression of development initiatives.

Various actors are therefore responsible for the delivery of each relevant service within their Competences.

### **SERVICE DELIVERY BACKLOG**

Basic service delivery area	01 July 2012			30 June 2013		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	R42m	R0m	R0m	R42m	R1,8m	R1.1m
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)	2576	0	0	2576	0	0
Spending on new infrastructure to eliminate backlogs (R000)	R42m	R10,2m	R4,1m	R42m	R10,2m	R4,1m
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R9,2m	R9,2m	R9,2m	R9,2m	R9,2m	R9,2m
Total spending to eliminate backlogs (R000)	R51,2m	R19,4m	R13,3m	R51,2m	R19,4m	R13,3m
Spending on maintenance to ensure no new backlogs (R000)	R1,2m	R1,2m	R1,2m	R1,2m	R1,2m	R1,2m
Electricity backlogs (60KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	R16,2m	R3,2m	R3,2m	R16,2m	R3,2m	R3,2m
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	2576	0	0	2576	0	0
Spending on new infrastructure to eliminate backlogs (R000)	R0,0m	R0,0m	R0,0m	R0,0m	R0,0m	R0,0m
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R16,2m	R3,2m	R3,2m	R16,2m	R3,1m	R3,2m
Total spending to eliminate backlogs (R000)	R16,2m	R3,2m	R3,2m	R16,2m	R3,2m	R3,2m
Spending on maintenance to ensure no new backlogs (R000)	R0,7m	R0,2m	R0,2m	R0,7m	R0,2m	R0,2m
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	R3,5m	R0,45m	R0,45m	R3,5m	R0,45m	R0,45m
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	250	102	102	250	102	102
Spending on new infrastructure to eliminate backlogs (R000)	R0,0m	R0,0m	R0,0m	0,0m	0,0m	0,0m
Spending on renewal of existing infrastructure to eliminate backlog	R0,25m	R0,15m	R0,15m	R0,25m	R0,15m	R0,15m

(R000)						
Total spending to eliminate backlogs (R000)	R3,75m	R0,6m	R0,6m	R3,75m	R0,6m	R0,6m
Spending on maintenance to ensure no new backlogs (R000)	R0,25m	R0,15m	R0,15m	R0,25m	R0,15m	R0,15m
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	R62,0m	R4,5m	4,5m	R62,0m	R4,5m	R4,5m
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	62,0m	4,5m	4,5m	62,0m	4,5m	4,5m
Spending on renewal of existing infrastructure to eliminate backlog (R000)	3,0m	3,0m	2,7m	4,2m	4,2m	1,5m
Total spending to eliminate backlogs (R000)	127,0m	12,0m	11,7m	128,2m	13,2m	10,5m
Spending on maintenance to ensure no new backlogs (R000)	3,0m	3,0m	2,7m	4,2m	4,2m	1,5m
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	2476	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs (R000)	NIL	NIL	NIL	NIL	NIL	NIL
Spending on renewal of existing infrastructure to eliminate backlog (R000)	NIL	NIL	NIL	NIL	NIL	NIL
Total spending to eliminate backlogs (R000)	NIL	NIL	NIL	NIL	NIL	NIL
Spending on maintenance to ensure no new backlogs (R000)						
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	50,0m	18,6m	10,5m	50,0m	38,5m	0,0m
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs (R000)	50,0m	18,6m	10,5m	50,0m	38,5m	0,0m
Spending on renewal of existing infrastructure to eliminate backlog (R000)	1,2m	0,9m	0,5m	1,3	1,0m	0,0m
Total spending to eliminate backlogs (R000)	101,2m	38,1m	21,5m	101,3m	78,0m	0,0m
Spending on maintenance to ensure no new backlogs (R000)	1,2m	0,9m	0,5m	1,3	1,0m	0,0m

## COMMUNITY SERVICES



Klipplaat high	17	27.4%	32	21.9%	18	33.3%
AVERAGE	62	64.5%	75	64.4%	59	71.1%

**Table 1: Grade 12 Pass Rate**

## HIV/AIDS

The CDM Socio-economic profile suggests that the prevalence of HIV/AIDS have increased from 160 (1996) to 1 068 (2007). The percentage of community infected rose from 1.54% to 10.25%.

Unit	2001	2006 / 2007
South Africa	24.8	29.1
Eastern Cape	21.7	29
Cacadu	16.5	19.0 (2004)
Ikwezi	7.55%	10.25%

**Table 2: HIV/AIDS Prevalence (Annual Ante-natal Survey-DoH)**

There are different CBO's supporting households affected by HIV/AIDS, these include:

- Masiphilisane Aids group
- Love life and Phelo care
- Council of Churches
- Traditional leaders
- Administrative Unit Committees
- Youth forum
- Women forum
- Sports forum
- Hospice

Currently the municipality interacts with these special groups through Local Aids Council which is chaired by the Mayor and comprised of different stakeholders. The municipality has recently appointed a coordinator/ secretariat to ensure proper functioning of the council. This council meets once a month to discuss progress in terms of its programmes. Despite all of this the Local Aids Council still experiences challenges in terms of:

Conducting regular meetings

There is no clear programme in place and as a result the Municipality cannot allocate financial assistance

The various stakeholders are continuing with individual efforts instead of integrated approach.

In order to raise awareness with regard to the most vulnerable groups consider the following table:

Age group (years)	2001 prevalence %	2002 prevalence %	2003 prevalence %	2004 prevalence %	2005 prevalence %	2006 prevalence %
<20	15.4	14.8	15.8	16.1	15.9	13.7
20-24	28.4	29.1	30.3	30.8	30.6	28.0
25-29	31.4	34.5	35.4	38.5	39.5	38.7
30-34	25.6	29.5	30.9	34.4	36.4	37.0
35-39	19.3	19.8	23.4	24.5	28.0	29.6
40+	9.8	17.2	15.8	17.5	19.8	21.3

**Table 3: HIV/AIDS by Age Group** (Source: National HIV/AIDS Survey – 2005

Ikwezi municipality has to consider the consequences in terms of:

- Additional pressure and demands on clinic services for example voluntary testing services, improved access to ARV's and dealing with related diseases including TB
- Improving spatial planning / land availability for cemeteries
- The ensuing barriers to economic development

## 2.4 Disability:

The CDM Integrated Transport Plan (2005) provides the following information regarding disability in Ikwezi.

Form of Disability	Ikwezi LM	Cacadu DM
Communication	18	693
Sight	162	4494
Hearing	66	2728
Physical	237	8110
Intellectual	45	1593
Emotional	102	3425
Multiple	84	2498
Total	714	23541
% of Population (10367)	6.9%	

**Table 4: Overview of Disability**

Currently there is a structure in place “Disabled Forum” however it is not functioning as effective as envisaged. As a result of the poor functioning of the organisation, disabled people as a special interest group remain largely marginalized with regard to development dialogues and access to provincial programmes. Ikwezi LM does participate in all Provincial and National events with regard to disabled persons.

**Challenges include:**

1. Buildings including municipal facilities and schools are not conducive for disabled people
2. Houses built are also not disabled friendly
3. Allocation of housing / access to basic services do not prioritize households affected by disability
4. The mobility of disabled persons are hampered due to transportation difficulties.
5. Services at clinics do not consider the unique challenges faced by disabled persons. Disabled people are expected to arrive early and queue until late in the day.

The table below demonstrate the current level of grant dependency in Ikwezi.

Location	Grant Type	April 2008		March 2009	
		Total Grants	Total Amount	Total Grants	Total Amount
Jansenville	Old Age	146	R 141 140	130	R 134 120
	Disability Grant	158	R 164 250	91	R 91 550
	Foster Care	23	R 18 200	17	R 14 300
	Care Combination			1	R 2 260
	Care Dependency	9	R 9 330	7	R 6 720
	Child Support	344	R 118 030	254	R 95 110
<b>Total</b>		<b>680</b>	<b>R 450 950</b>	<b>500</b>	<b>R 344 060</b>
Klipplaat Community Hall	Old Age	73	R 69 390	75	R 71 880
	Disability Grant	116	R 112 830	95	R 94 490
	Foster Care	13	R 11 050	8	R 7 800
	Care Combination	1	R 1 590	2	R 2 910
	Care Dependency	1	R 940	2	R 1 920
	Child Support	190	R 63 920	172	R 65 940
<b>Total</b>		<b>394</b>	<b>R 259 720</b>	<b>354</b>	<b>R 244 940</b>

## **CHAPTER 3: LOCAL ECONOMIC DEVELOPMENT**

**The post 1994 government has placed a strong emphasis on community and grassroots initiatives and participation. Importantly, local government is now viewed as a sphere of government, and has been allocated a range of roles and responsibilities with respect to economic and social development. This environment is more supportive of the general concept of Local Economic Development (LED) although, this has not always translated into the expected results.**

**Until very recently, the most focus of most LED initiatives was community economic development projects, the majority of which proved unsustainable once donor or public sector funding disappeared, and so had no real long-term impact on poverty reduction.**

A review of the first term of local government (for the period 2000-2006) was recently undertaken by the DPLG. The review was to a large extent based on the lessons learnt from the implementation of Project Consolidate in selected municipalities, which was a response to low levels of service delivery. This review resulted in a Five –Year Strategic Agenda for the 2<sup>nd</sup> term of Local Government (for the period 2006-2011).

**As a key performance area, LED as an outcome, is strongly interrelated and dependent on the other four KPAs. These are: Municipal Transformation and Organisational Development, Basic Service Delivery, Municipal Financial Viability and Management, and Good Governance and Public Participation. The framework promotes a strategic approach to the development of local economies and a shift away from narrow municipal interests focused only on government inputs into ad hoc projects.**

South Africa is the leading producer of Mohair in the world. Ikwezi municipality and the Karoo produce 54% of the world's mohair. It is clear that the potential exists to strengthen the South African agricultural sector, as well as the mohair industry, as government increasingly recognizes the critical importance of SA's commercial agriculture sector and as commercial farmers increasingly enter into partnerships with government to support the entry and sustainability of emerging producers.

### **3.1 BRIEF PRESENTATION OF THE LED STRATEGY/PLAN**

In order to stimulate economic growth and create new jobs, Ikwezi Municipality focuses on:

#### **Agricultural Sector**

The agricultural sector in Ikwezi has shown employment growth in the recent past and could provide opportunities for development. The sector is presently dominated commercial farms (Municipal Demarcation Board maps show the boundaries of these). These farms specialize in angora goats (mohair), sheep and game. There is some activity around urban agriculture (e.g. vegetable tunnels, pigs and poultry).

#### **Business Support Initiatives**

- Promoting BEEs, SMMEs and co-operatives
- Establishing community based projects
- Promoting social investment
- Facilitate access to finance and markets

#### **Tourism sector**

The area has an average tourism potential. More work needs to be done to promote Ikwezi as a tourism destination. The Mohair Meander passes through Ikwezi on the R75 from Uitenhage to Graaf-Reinet. One possibility for Ikwezi to benefit from increasing tourism incomes is the construction of a western gate to Addo Elephant National Park at Waterford, thereby providing a possible tourism corridor between Addo and Baviaans.

#### **Developing Skills Base**

The skills base in Ikwezi is limited and the levels of education and training are generally low. Development, skills transfer partnerships between established and emerging farmers and businesses are critical. Facilitating training opportunities linked to employment in the area.

## **Revitalisation of Small Towns**

- Urban regeneration projects focusing on upgrading of Jansenville and Klipplaat
- Promote tourism and manufacturing based on competitive advantages.
- Ensuring that key stakeholders are identified and partnerships created.
- To ensure that municipal infrastructure is maintained and upgraded in order to attract investors.

## **Building local and regional networks**

- Strengthening inter-governmental relations with other municipalities in the cluster, private sector as well as provincial and national government involved in LED.
- Building partnerships with private sector to improve economic competitiveness.
- Agriculture is the most prominent economic sector in Ikwezi.

## **3.2 PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES**

### **3.2.1 Mentorship Programme**

Although emerging farmers often have basic agricultural skills or have received some training, most are lacking the capacity needed to manage a farm as a viable business, resulting in the deterioration of the assets. The agricultural mentorship goes beyond mere training and extends over a longer period.

The Cacadu District Municipality has established and launched the Agricultural Mentorship Programme for selected LMs in the district including Ikwezi. This programme is supported by GIZ. The objective of the Agricultural Mentorship Strategy is to set up and implement a system of a structured long term skills transfer from successful commercial farmers to emerging farmers in order to enable them to convert their farms into sustainable businesses. For this purpose, an experienced commercial farmer is contracted as a mentor in order to develop not only the product related skills but also to address management, financial and marketing skills of the beneficiaries of a selected project. The mentor is then working with the beneficiaries on the farms, over a period of approximately three years depending on the complexity of the commodity produced and the original skills levels of the

beneficiaries. The following businesses benefitted from the Agricultural Mentorship Programme:

- Abafazi Poultry project
- Uitkomst ( angora goats)
- Klipplaat Hydroponics

All mentorship fees were incurred by CDM. This programme is a key driver towards implementation of the LED Strategy and the IDP.

### **3.2.2 Creation of market and public confidence**

In order to achieve its LED objectives, the municipality is implementing the strategic recommendations made in its LED Strategy. The aim is to create the desired state described in Ikwezi Vision Statement and Mission Statement.

### **3.2.3 Exploit Comparative and Competitive advantages for Industrial Activities**

Ikwezi Municipality has no industries but few small business enterprises. The number of SMMEs has increased significantly during the year under review. The municipality has reviewed its Special Development Framework (SDF). Our area compares favourably with the neighbouring municipalities in terms of economic activities, and development including tourism.

The Wool and Mohair initiatives have received financial injections and other support from Mohair South Africa, SAMIL, Department of Rural Development and Land Reform, Department of Rural Development and Agrarian Reform, Mohair Empowerment Trust, CDM, ECDC and DEDEA.

### **3.2.4 Ikwezi SMME Strategy**

Acknowledging the importance of SMMEs, and responding to the challenges and opportunities spelt out in the Integrated Development Plan, the District –Wide Economic Growth and Development Strategy (EGDS), the Provincial Growth and Development Plan, Ikwezi Municipality with assistance of Khanya Aiccd developed an Ikwezi SMME Strategy. The SMME strategy was adopted by Council in 2011.

#### **3.2.4.1 Objectives of the strategy**

- To build capacity within the Ikwezi structures
- To develop an innovative methodology for identifying opportunities based on local strengths.
- To facilitate access to finance, markets and sustainable business development support services for the informal, micro, small and medium enterprises.
- To establish effective and functional partnerships with private sector, key provincial and national institutions.
- To increase the number of start-ups, and the number of existing enterprises that accelerate beyond survivalist stage.

#### **3.2.5 Intensify Enterprise Support and Business Development**

The municipality has prioritised the development of the Small, Medium and Micro Enterprises (SMMEs) because entrepreneurship is considered as the engine of economic development. The SMME sector has the potential to address socio-economic challenges facing the municipal area. Without business development, it is argued that economies stagnate, unemployment levels continue to rise and the general standard of living deteriorates.

There is a significant number of SMMEs that have been established, especially in Jansenville and Klipplaat. The role of the Municipality with the assistance of the National Youth Development Agency (NYDA), SANACO, CDM, the dti and DEDEA is to assist the prospective businesses to have access to information and provide training and networking opportunities/ sessions. The Local Tourism Organisation also assists with economic development initiatives in the entire area.

**3.2.5.1 The following SMMEs have submitted Grant and Loan applications through ECDC and SAB:**

Nr	Company name	Type of business and Type of entity	Grant/ Loan and Institution	Outcome
1	Kesitah Copy and Print	Digital Copy and Print: Sole Trader	Loan: ECDC	No response
2	Kesitha Copy and Print	Digital Copy and Print: Sole Trader	Grant: SAB	Approved
3	Jansenville Women	Sewing: Co-operative	Grant: SAB	Declined
4	Sifunde'nto Bead Creations	Art and Craft (Beads): Private Company	Grant: SAB	Declined
5	Nomfuneko Feedlot	Cattle Farming: Co-operative	Grant: SAB	Declined
6	Malicious piggery	Piggery: Private Company	Grant: SAB	Declined

**3.2.5.2 The number of SMME's assisted with Business Plan Development:**

Number of Business Plan Developed	Entity Status	Type of Business Plan	Outcome	New Jobs Created
2	Startup Business	<ul style="list-style-type: none"> <li>• 1 Detailed Business Plan</li> <li>• 1 Business Plan for Funding</li> </ul>	1 Application Approved	2
3	Existing Business	Business Plan for Funding	Declined	None

**3.2.5.3 The municipality conducted the following SMME Workshops and Trainings during the year under review.**

Type of training	Service provider	Duration	No. of SMMEs attended
Tax Compliance for Business	SARS	16 July 2012	42
Socio-Economic & Enterprise Development Strategy	Cacadu District Municipality	04 September 2012	57
NQF L2: Financial Management, Manage Market & Selling processes	Entekom funded by Agri-Seta	11-15 February 2013	10
Co-operative Awareness Workshops	SMME Officer(Ikwezi Municipality)	9 July 2012 & 15 May 2013	9 Different Groups of persons want to start a Co-operative

**3.2.5.4 The municipality has registered the following number of businesses through CIPC and SARS during the year under review:**

Type of Registration	Number	Institution
Private Companies	10	CIPC
Co-operatives	9	CIPC
Co-operative Amendments	2	CIPC
Income Tax	10	SARS
Tax Clearance Certificates	12	SARS
<b>TOTAL</b>	<b>43</b>	

### **3.2.5.5 Support Social Investment Programme**

The role of the municipality is to assist all the prospective business people with different information and access to resources. The establishment of co-operatives as well as the continuous development of skills of the members of the cooperative is vital for their sustainability and relevance. Self-employment is being encouraged locally because there are no factories that can employ many people like in the big cities where there are huge factories employing thousands of people. The local people have started to venture seriously on self-employment to improve their socio-economic situation.

### **3.2.6 Job creation during the year under review:**

Programme/ Project	No. of jobs created
Upgrading of Town Hall	25
CWP	867
Town Beautification	56
Town cleaning	280
Upgrading of Klipplaat access roads	12
Upgrading of Phumlani road	36
<b>TOTAL</b>	<b>1276</b>

### **3.3 ANNUAL PERFORMANCE AS PER KY PERFORMANCE INDICATORS IN LED**

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities	50%	2	25%
2	Number of LED stakeholders forum held	3 Cooperative forum	3	100%
3	Percentage of SMME that have benefitted from a SMME support program	100	143	120%
4	Number of job opportunities created through EPWP	500	399	70%
5	Number of jobs created through PPP	0	0	0%

### **3.4 CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION**

- Procurement procedures do not permit informal businesses to access municipal contracts.
- Lack of funding
- Poor planning
- Lack of bankable business plans
- Lack of resource mobilisation strategies
- Provincial sector department's budgets are not talking to municipal priorities in the IDP.
- Sector departments are not using the IDP as a tool to facilitate greater integration of development initiatives across the three spheres of government.

## CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

### 4.1 The 2012/13 annual financial statements

The purpose of this report is to report on matters as they occurred during the financial year to 30 June 2013. The report has been compiled to reflect the financial position and the subsequent performance of the institution throughout the reporting year. The 2012/13 annual financial statements were submitted on time. The 2012/13 financial year has been declared a year where all municipalities are expected to comply fully with the standards of GRAP and as such, an additional responsibility has placed on the municipality to comply. The major challenge with full compliance with GRAP is always going to be assets.

### 4.2 Statement of financial performance

#### 4.2.1 Operating results

**Table 11: Revenue**

	<u>Actual 2012/13</u> <u>R</u>	<u>Actual 2011/12</u> <u>R</u>	<u>Variance</u> <u>%</u>	<u>Variance 2011/12 and 2012/13</u> <u>R</u>
<b>Total revenue</b>	R42.7m	R36.8m	15.86%	R5.8m
<b>Total Expenditure</b>	R41.2m	R33.5m	22.882 %	R7.6m

#### 4.2.2 Trading services

Table12: Electricity

	<u>Actual</u> <u>2012/13</u> R	<u>Actual</u> <u>2011/12</u> R	<u>Variance</u> %	<u>Variance</u> <u>2011/12 and</u> <u>2012/13</u> R
Income	R6.4m	R5.5m	15.50	R859 844
Expenditure	R9.0m	R6.5m	38.01	R2.5m
Surplus/(deficit)	(3 639 520)	(1 032 968)		

Table13: Water Services

	<u>Actual</u> <u>2012/13</u> R	<u>Actual</u> <u>2011/12</u> R	<u>Variance</u> %	<u>Variance</u> <u>2011/12 and</u> <u>2012/13</u> R
Income	R1.6m	R3.7m	(56.03)	(R2.1m)
Expenditure	R5.3m	R2.8m	86.73	R2.4m
Surplus/(deficit)	(3 639 520)	954 460		

## 4.3 Statement of financial position

### 4.3.1 Capital expenditure and financing

**Table 14: Fixed assets**

<u>Other fixed assets:</u>	<u>Actual 2012/13</u>	<u>Budget 2012/13</u>	<u>% Expended</u>
<b>Immovable Assets - MIG</b>	<b>8 489 200</b>	<b>13 784 000</b>	<b>61.58</b>
<b>Immovable Assets – EPWP &amp; DOE</b>	<b>839 479</b>	<b>2 000 000</b>	<b>41.97</b>
<b>Furniture &amp; Equip – Own Funds</b>	<b>320 000</b>	<b>323 000</b>	<b>99.07</b>
	<b>9 648 674</b>	<b>16 107 000</b>	<b>59.90</b>

### 4.3.2 Grants and transfers' spending

**Table 15: Grants and expenditure**

<u>GRANT DETAILS</u>	<u>TOTAL AMOUNT RECEIVED DURING 2012/13</u>	<u>TOTAL AMOUNT SPENT DURING 2012/13</u>
<b>Finance Management Grant</b>	<b>1 500 000</b>	<b>1 500 000</b>
<b>Municipal Infrastructure Grant</b>	<b>10 244 000</b>	<b>8 489 195</b>
<b>Municipal Systems Improvement Grant</b>	<b>800 000</b>	<b>623 800</b>

#### **4.4 Adherence to Donor requirements in respect of conditional grants**

The conditions of grant have been adhered to for all Ikwezi's allocations for the 2012/13 financial year. The municipality has complied with the reporting requirements as required by section 71 of the Municipal Finance Management Act.

#### **4.5 Updated indigent register**

The indigent register at 30 June 2013 had 997 beneficiaries. This is due to the fact the municipality is beginning to review its indigents register on an annual basis. During the year under review, the municipality restructured its indigents committee to include members of ward committees. This is to ensure that more and more people benefit from the free basic programs of government.

## Annual performance as per key performance indicators in financial viability

**Table 19: Key performance indicators**

No	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R16.1m	R9.6m	59.9%
2	Salary budget as a percentage of the total operational budget	R18.9m	R15.9m	38%
3	Total actual trade creditors as a percentage of total actual revenue	R11.6m	R42.78m	27.16%
4	Total municipal own revenue as a percentage of the total actual budget	R23.2m	R14.9m	64.28%
5	Percentage of MSIG budget appropriately spent	R800	R623	77.97%

### 4.5 Long term contracts entered into by the municipality

*During the previous year the municipality entered into a lease contracts with the Toyota for two refuse removal trucks and the council sedan. The contract went through the supply chain management processes and is over a period of 5 years.*

#### **4.6 Annual performance as per key performance indicators in financial viability**

The municipality was allocated R10 244 000 for MIG which R 8 489 185 was spent during the year under review.

The following grants were also spent in full during 2012/13 :

- Finance Management Grant for R1,500,000
- Municipal Systems Improvement Grant for R800,000 – R623 800 spent

#### **4.8 Arrears in property rates and service charges**

The municipality continues to monitor and implement its indigent policy. Statistics reveal that over 70% of inhabitants of Ikwezi are unemployed, but yet the indigent register does not reflect the same statistics. The municipality has made strides in ensuring that more people benefit from free basic services.

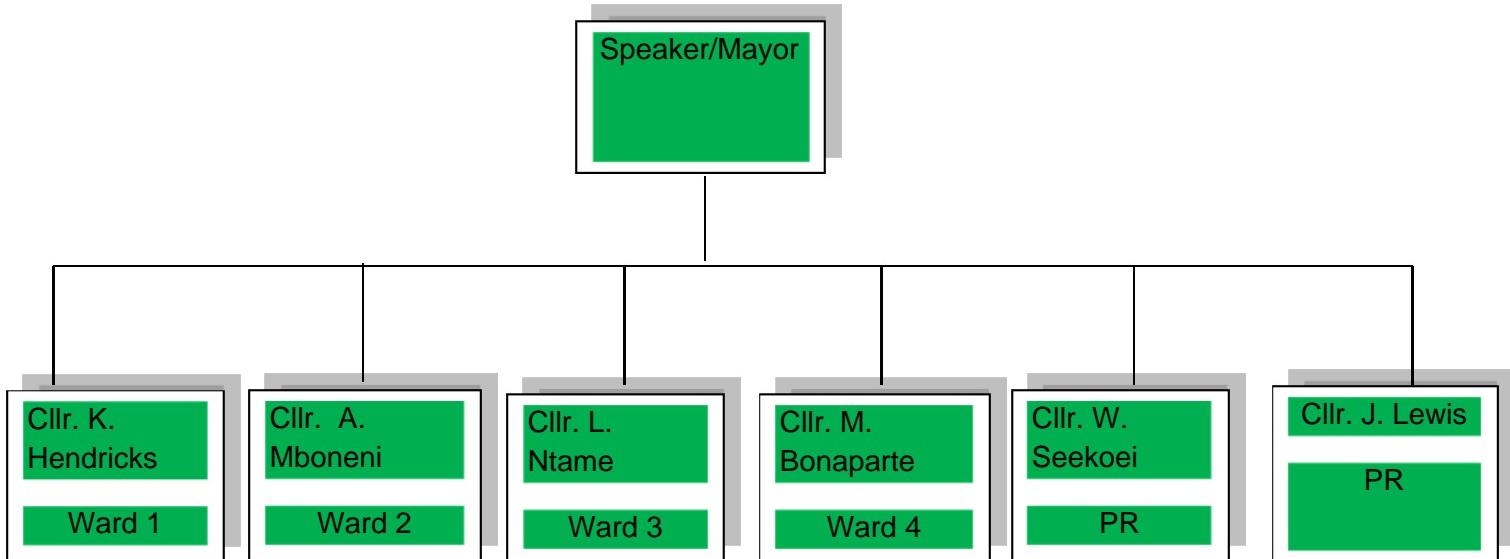
There were indigent awareness campaigns during the year. These campaigns were conducted by Councillors and officials visiting various units within Jansenville and Klipplaat.

## CHAPTER 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### 5.1 MUNICIPAL COUNCIL

The municipality is a Category B Municipality (local municipality) with a Plenary Executive System combined with a ward participatory system with the Speaker serving as Mayor. The functioning of Council is administered by the Office of the Mayor and Municipal Manager. All decisions are taken by Council, the Mayor and Municipal Manager in terms of authority delegated by legislation and delegations of authority as approved by Council.

#### Council Structure



#### COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Member	Full/ Part time	Committees Allocated	Ward/ Part Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
1.Cllr. Sizwe Mngwevu (Speaker/ Mayor)	Part time	Finance & Administration	ANC	100%	0%

2.Cllr. Katie Hendricks (Chief Whip)	Part time	Infrastructure	Ward 1 (ANC)	100%	0%
3.Cllr. Asanda Mboneni	Part time	Strategic Planning	Ward 2 (ANC)	80%	20%
Margaret Bonaparte.	Part time	Community Development	Ward 4 (ANC)	100%	0%
Clr . Lundi Ntame	Part time	Training & Development Sub-Committee	Ward 3	90%	10%
Cllr. Bradley Seekoei	Part time	Training & Development member	PR (DA)	100%	0%
Cllr. Johnny Lewis.	Part time	MPAC	PR (DA)	100%	0%

There were four functional portfolio committee during the year under review:

- Finance and Administration
- Strategic Planning
- Community Development and
- Infrastructure

Council has established the MPAC which is fully functional to perform an oversight role in the affairs of the municipality.

## **5.2 Public Participation and Consultation.**

Ikwezi Municipality remains committed in strengthening public participation and consultation. During the year under review the municipality has created a number of platforms for the public to participate. CDW's, Ward Committee Members, as well as our key stakeholders.

The municipality conducted a Community Based Planning in all the four wards through the assistance of DLGTA and CDM. Councilors, stakeholders and Community members were afforded an opportunity to raise the issues affecting their respective wards and were assisted to prioritize the issues. Issues are captured in a template that clearly explains the issue and indicate the roles of different departments internally and those of Sector Departments. The purpose of the second round of public participation was to present and confirm the final plans and projects that are aligned with the budget.

The former DMA (Wolwefontein) was also afforded an opportunity to participate in the affairs of the municipality so that they can contribute in the decision making process. The following forums have been established:

- Ikwezi Religious Forum
- Ikwezi Youth Development Forum
- Ikwezi Sport Council

Despite the challenges experienced on issues of institutional arrangements and budgetary constraints, the municipality remains committed in consulting as well as creating of a conducive environment for the public to participate. The use of different forums is working well for the municipality.

## **5.3 Establishment of ward committees and functionality**

The municipality did not have any ward committees; however in 2011 the municipality was established as a new plenary type of municipality combined with ward participatory system. Four wards have been established for the first time in the history of the municipality. The concept of functionality of ward committees therefore is relatively new. Each ward has a ward committee of ten members chaired by the Ward Councillor as listed in the table below:

## **Chairpersons of Ward Committees**

Ward Councillors	Ward Number
Clr Katie Hendricks	1
Clr Asanda Mboneni	2
Clr Lundi Ntame	3
Clr Margaret Bonaparte	4

The Ward committees enhance participatory democracy and interact with the municipality on behalf of the community. They also make recommendations on issues affecting their wards through the ward councilors. They assist in community mobilization for public participation during the IDP/ Budget review process.

### **5.4 Community Development Workers**

There are four CDWs in Ikwezi, serving ward 1, 2, 3 and 4. CDW's are placed in the respective wards where they reside in offices of ward councilors. They are working together with the ward committees.

CDW'S report to the Office of the Mayor but administratively, they report to the Office of the Municipal Manager. The municipality has a responsibility to assist the communities to understand the roles and responsibilities of CDW have to eliminate unnecessary barriers and speed up service delivery.

### **5.5 Communications**

District Communicator's Forums (DCF) is fully functional. The municipality is the member of the DCF, submits reports and attends quarterly meetings. Local Communicator's Forum was established and collapsed, it needs to be re-established. A draft Communications Strategy has been developed. The strategy will be tabled to council in the new financial year for final approval. The action plan in the communication strategy is reviewed annually. Management is in the process of reviewing the Communications Policy to be in tandem with the strategy. Aggressive internal consultation has already taken place and the two documents will be in full operation in 2012/13.

## **5.6 Risk Management**

During the 2011/2012 financial year, (KPMG) together with Council conducted another Risk Assessment Workshop. The following risks which have the potential to impede Council in achieving its objectives were identified:

## **5.6 Risk Management**

During the 2011/2012 financial year, (KPMG) together with Council conducted another Risk Assessment Workshop. The following risks which have the potential to impede Council in achieving its objectives were identified:

### **Top 10 Risks from Risk Assessment 2011/12**

Risk number	Risk name	Risk number	Risk name
1	Lack of quality / quantity of water supply	6	Inappropriate / Inadequate skilled employees
2	Lack of a quality infrastructure	7	Lack of IT Governance
3	Poor supervision	8	Inadequate implementation of policies and decisions
4	Inadequate funding	9	Inadequate asset management
5	Poor communication with all stakeholders	10	Lack of SMME development

(Source: Ikwezi Municipality Risk Assessment Report 2009/2010)

Through this process, the municipality developed a Risk Register that also shows how management intends to address both tolerable and intolerable risks. The Municipal Manager through the monthly Extended Management Meetings, monitors progress and then report quarterly to the Audit Committee.

## **5.7 Intergovernmental Relations**

District Communicator's Forums (DCF) is fully functional. The municipality is the member of the DCF, submits reports and attends quarterly meetings. Local Communicator's Forum was established and collapsed, it needs to be reestablished.

Ikwezi Development Initiative (intervention by the Office of the Premier in Ikwezi) is functioning well. The initiative provided an opportunity to access some provincial departments.

Ikwezi Municipality has also been recently declared as a Rural Development Node by the national Ministry: Rural Development. This means that the municipality will serve as one of pilot municipalities in the country for serious development interventions by national and provincial government.

Ikwezi Municipality hereby proposes the following national and provincial interventions:

- Service delivery through elimination of infrastructure backlogs – the Department of Local Government and Traditional Affairs, Cooperative Governance and Traditional Affairs and National Treasury must secure funds to implement Comprehensive Infrastructure Plans (CIPs) that were developed in 2008.
- Reviewing of the formula for Equitable Share to be bias to financially distressed municipalities.
- A discussion to incentives senior managers (section 57 managers) serving in rural municipalities which do not have financial capacity to attract skilled professionals and/or retain them.
- Provincial government strengthens its supporting role of municipalities especially during IDP Review Processes (IGR) and Performance Management processes.
- National government attends to legislation that impedes service delivery.
- Provision of skilled personnel (qualified engineer, town planner and communications practitioner) through Siyenza Manje Programme of the DBSA.

The municipality is sharing the Audit Committee with Camdeboo and Blue Crane Route Municipalities

## **LEGAL MATTERS**

The municipality has outsourced the function as it does not have financial capacity to have an in – house legal unit. The municipality has outsourced the function to Patel and Associates based in Port Elizabeth. The following case has been finalized during the year under review.

CASE NUMBER	CASE NAME	DATE
ECD110476	M BLOUW v IKWEZI	DECEMBER 2011 ( RE-EMPLOYMENT)

Management of legal risks is integrated in the overall Municipal Risk Management Strategy.

There were no default judgments during the year under review.